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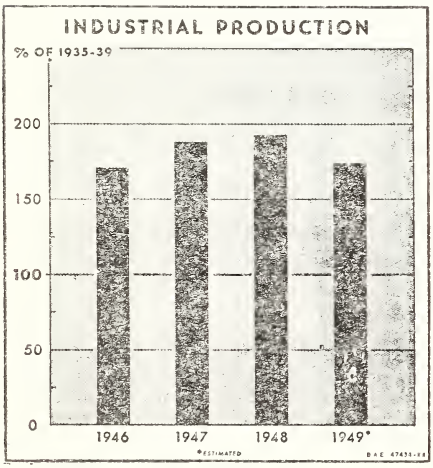
OUTLOOK FOR 1950:

Downward Drift To Continue

ECONOMIC prospects for 1950 indicate that the demand for farm products will remain high next year but that another decline from the 1948 peak demand will occur. The decline in over-all business activity will probably be slight and that in prices slow. This easing off would bring slightly lower employment and incomes to consumers. However, these trends could be reversed if the international situation should require a sharp expansion in Government expenditures.

Spending Slows Down

The general economic situation continues strong, even though the trend has been slightly downward for a year. Both business and consumers have been spending slightly less, apparently having satisfied their most urgent postwar demands. The major cut-back in 1949 spending came in a business decision to get along with smaller inventories. This was partly due to declining prices and partly to a tapering off in consumer purchases. The drop in inventory spending was partly offset by the continued uptrend in Government expenditures—for national defense and foreign aid by the Federal Government and for schools and highways by State and local governments.



In 1950, consumers may spend still less, particularly in view of the approaching buyers' market in automobiles. The decline is expected despite the stimulus to spending, particularly for durable goods, which will occur in the first half of the year as veterans receive their insurance refunds of almost 3 billion dollars.

Food expenditures, which have been higher relative to income than before the war, may be cut again next year. However, plentiful food supplies and slightly lower prices at the store will encourage consumption at least as high as in 1949. With respect to business spending for new plant and equipment, recent public and private surveys all say moderate cuts are ahead.

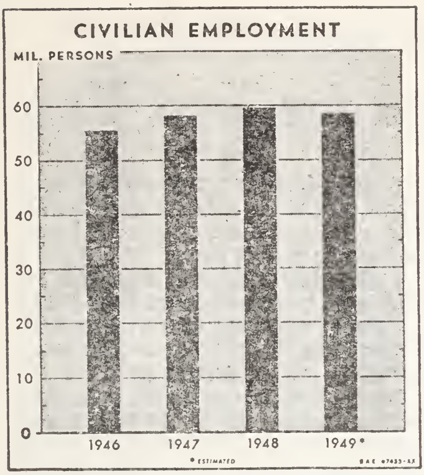
Housing continues to be a bright spot in the outlook picture. Public housing is just getting under way. Construction starts on homes (more and more in the modest category) are at a record rate. Residential construction in 1950 probably will remain near the high levels of 1949. Further strength for 1950 business comes from Government expenditures which, as now authorized, will increase through the first half of 1950. Later next year, barring new developments, Government expenditures will begin to taper off.

Slightly Lower Demand

Prospects for 1950 add up to slightly smaller total employment, somewhat lower incomes and smaller worker demand for farm products.

No marked weakening in the foreign demand for United States farm products is in prospect for 1950 although some decline is likely. Devaluation is likely to exert a mildly depressing influence on agricultural exports although it is too early to determine its effect on specific commodities. Foreign needs continue large but they may be less pressing if harvests abroad are good.

The appropriation of 5.8 billion dollars for ECA and other foreign aid in fiscal 1949–50 assures sizable exports of wheat, tobacco and cotton through most



of 1950. About two-thirds of our agricultural exports are financed by foreign aid programs. However, exports of farm products will depend to a large extent on the size of next year's appropriations for foreign aid and the relative proportion allotted for agricultural commodities.

So far as the farm business itself is concerned in 1950, the downward trend of 1949 in prices and income will probably continue through next year. Production will again be large if growing conditions are average. Increases in output of meat, milk and eggs will almost offset declines in crop production. Cuts in crops are expected with acreage allotments already in sight for wheat, cotton, peanuts, tobacco and some other major crops.

Prices, Receipts To Fall

Although the volume of marketings may be almost as large, prices received by farmers in 1950 may average 10 percent below this year, with a corresponding drop in cash receipts. This would be about the same as the decline from 1948 to 1949.

Under the Agricultural Act of 1949, support prices for the 1950 crops of most basic commodities will not be changed significantly, although the Act provides for a reduction in minimum supports in following years. Support prices for wheat, corn, cotton and peanuts are likely to be a little lower for the 1950 crops but only as a result of a further small decline in the parity index—the index of prices paid by farmers for commodities, interest and taxes. Support prices for the major types of tobacco may be slightly higher and for rice substantially higher than this year as a result of an alternate method for computing parity prices.

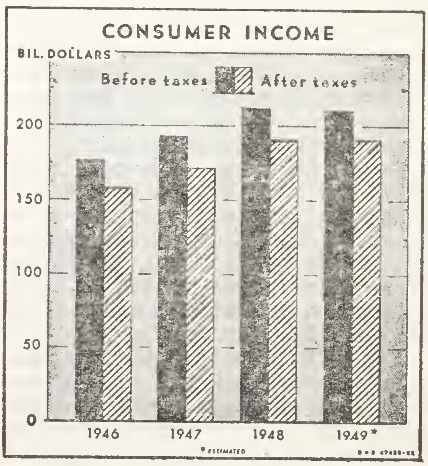
Wool (including mohair), potatoes, tung nuts and honey are to be supported within the range of 60 to 90 percent of parity. Support levels of whole milk and butterfat are to be within the 75 to 90 percent of parity range. Support for other commodities is not mandatory but may be set at any level up to 90 percent of parity, at the discretion of the Secretary.

Net Income Again To Fall

Generally lower prices for livestock and livestock products are in prospect next year partly as a result of increased supplies.

Farmers' costs in 1950 also will decline, probably more than in 1949. but again less than the decline in receipts. In 1949, gross farm income is down 10 percent and net farm income 15 percent from 1948. This pattern is likely to be repeated in 1950. If it does, net farm income still will be more than double prewar, but down nearly one-third from the 1947 peak.

N. Koffsky
Bureau of Agricultural Economics



Only Slight Decline in Costs Is Expected for Next Year

THE PRICE squeeze on farm income is likely to continue through 1950. Prices farmers pay for production items have been on a slight downtrend this year, dropping 3 percent from January to October. As is usual in periods when prices generally are declining, the reduction in costs failed by a considerable margin to match the drop in prices farmers received for their products.

Much the same picture is in prospect for next year. Costs of goods and services farmers use in production are likely to ease slowly downward while prices received will drop considerably more. Consequently, net farm income will continue to fall.

The drop in costs this year has been confined largely to farm wage rates and to prices of farm building materials and feeds. Several important items in the farmer's production budget continued up. Prices of farm machinery set a new record. Seed, equipment and supplies, and fertilizer prices also rose to new peaks.

Here are the prospects for some of the major cost items for 1950:

Farm labor.—Farm wages have dropped off about 2 percent from 1948; a slightly larger drop is probable next year if the expected decline in farm income materializes. This year, enough farm workers have been available to do farm jobs well and on time. With industrial employment expected to level off, the supply of workers for both seasonal and year-round farm jobs in 1950 is expected to be slightly larger.

Farm machinery.—Record retail prices for farm machinery and the decline in farm income resulted in a smaller volume of farm-machinery purchases this year than last. Purchases of farm machinery in 1950 probably will show a further decline since farm income will continue down.

The "sellers' market" in farm machinery has ended and some prices have come down in recent months. Plant capacity for the manufacture of farm machines is larger than ever before and adequate supplies of all items are in prospect. Dealers may tend to offer relatively better prices for trade-ins than in recent years.

With prices of fuels and costs of repairs and replacement at new peaks, the cost of using machines on farms is higher than ever before. Not much decline is expected next year.

Feed.—Supplies of feed, both total and per animal unit, will be a record during the 1949–50 feeding season. Feed prices have come down more than prices for livestock and livestock products and it should pay to feed heavily this fall and winter.

Seeds.—Many important field seeds are priced higher than last year and considerably above average. Supplies of grass seeds are particularly short. Prices next spring probably will average higher than a year earlier. Many farmers normally plant too much seed. Planting recommended amounts would enable these farmers to make significant savings next year.

Fertilizer.—Supplies of all fertilizers except possibly potash and some special mixes will be large enough to meet expected demands in 1950. Fertilizer prices have risen less rapidly than prices of farm products and most other cost items since 1940 and next year probably will be about the same as in 1949. Continued or expanded use of fertilizer will be profitable.

Building materials, supplies and containers.—Supplies of most items were adequate this year and further improvement is expected in 1950. Prices of most items have remained near 1948 levels although slight reductions have occurred in some cases.

Insecticides and fungicides.—Supplies are expected to be sufficient for normal requirements. However, local outbreaks of pests could cause shortages in some areas and farmers should place their orders as far in advance as possible. Not much change in prices is expected.

Wylie D. Goodsell
Bureau of Agricultural Economics

Smaller Foreign Takings Are in Prospect

OUR LARGE agricultural exports since the war have depended to a high degree on the financial aid we have extended to foreign nations.

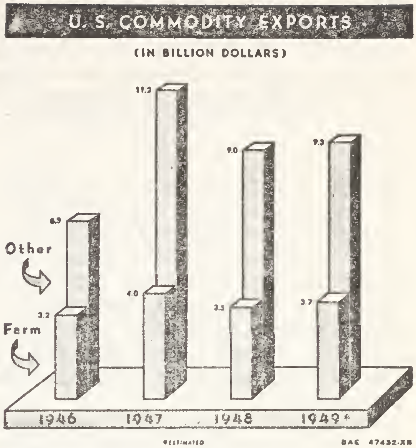
Now, however, the flow of American aid is on the down grade. There is little prospect that foreign countries will be able to offset the decline in aid by increasing their dollar earnings through exporting more goods to this country. Furthermore, agricultural production abroad is increasing.

These prospects foreshadow a decline in foreign demand for American agricultural commodities, especially in the more distant future. While our agricultural exports are likely to continue high in 1949–50 and 1950–51, they probably will be declining and will be lower than in 1948–49.

The various farm products have not shared equally in the increase in our exports during and after the war. Annual wheat exports since the war ended have been running about six times the average for the 1930's. Exports of other grains, oilseeds, vegetable oils, lard and dairy products also are up substantially. On the other hand, exports of tobacco have been only moderately higher than prewar while exports of fruit are down a fourth and those of cotton a third to a half.

Among the foods, fats and cereals have the highest priority on dollars spent by deficit countries. Next year, exports of both groups of commodities are likely to remain near the high levels of 1948–49.

Exports of cereals are likely to stay well above prewar, though a gradual reduction is likely over the long run. American exporters probably will meet increasing competition from Argentina and eastern Europe. Output in Europe and the Far East will recover though export supplies from the surplus countries in these areas may never again reach prewar levels.



Supplies of fats and oils continue short in Europe and the Far East. The Far East is not again likely to export as much as before the war. Although European production is increasing, it is unable to keep pace with rising consumption requirements. Deficit areas are likely to continue buying at least at the current rate for some time. However, export supplies in soft currency areas are increasing and stocks in importing countries are being built up. Importers are likely to be cautious and selective in their buying. European demand definitely favors oilseeds over lard.

Cotton exports in 1949–50 are likely to be almost as high as in 1948–49 but the outlook for the years beyond is not encouraging. In some areas, farmers who have switched to food and other crops are likely to go back into cotton. Nations short of dollars are trying to buy as much cotton as possible from soft currency areas. The dollar shortage also is partly responsible for the rapid increase in production of synthetic fibers.

Tobacco exports next year probably will be about the same as in 1949, in the longer run may drop, but still be around prewar levels. Prospects for fruit would be unfavorable if it were not for subsidies and other special measures. Exports of dairy products are likely to continue to decline as European output increases.

J. H. Richter
Office of Foreign Agricultural Relations

Family Living Spending To Drop Less Than Net Income in 1950

THE AGRICULTURAL economists tell us that next year is likely to bring lower net income to farmers than in most other postwar years. This raises two questions, the answers to which are important to the welfare of farm families: Will farm families reduce their spending for living items in 1950? If so, where will the cuts take place?

The answer to the first question is this: We do not expect over-all family living spending to be cut as quickly or as much as the over-all cut in net farm income.

In general, an expansion in farm family living spending usually follows an increase in incomes. When income is falling, however, reduced spending does not follow immediately. Spending habits, once established, are not easily broken.

Average Out Spending

Many farm families tend to adjust their spending to the average income they expect over a period of years instead of the income for any one year. Furthermore, farmers' purchases of durable goods such as automobiles, houses and home equipment often are spread over several years by the use of savings or credit. This helps slow up the response of spending to reductions in income.

Other influences may tend to keep farm family spending from falling as much as the decline in farm would indicate. Many farm families, especially at the lower end of the income scale, depend on nonfarm employment for much of their income. If nonfarm employment and wages stay high, lower farm income will have less impact on the living of families who depend on off-farm work for a large share of their income.

The extension of rural electrification also will tend to stimulate spending. Nearly half a million farms were connected with central electric service in the 12 months ending in mid-1949, more than in any other year. These families will be in the market for electrical household equipment.

Lower retail prices and increased supplies of many goods also will tend to hold family spending up. Prices farm families pay for living items are down around 5 percent from the September 1948 peak and may decline further in 1950. This may attract spending on the part of many budget makers who have felt that prices were too high. In addition, many goods which had been scarce are now in good supply.

To Continue Improving Homes

Prospects are that farm spending for new houses or improvement of old ones will continue at a high rate in 1950. The new Housing Act of 1949 may stimulate farm families to improve their homes, thus helping to counteract the effect decreased farm income might have on family living expenditures. Furthermore, many farm families may decide not to wait longer for needed housing improvements since there is little likelihood of any substantial reduction in building costs in the coming year.

Although spending for farm family living is likely to fall off less than income next year, some reduction is probable. This brings us to the question of where the cuts in the family budget are most likely to occur. Farm family expenditure surveys give us a clue to the answer.

To Spend Less for Gifts

Types of spending most likely to be reduced as income falls are expenditures for gifts to people outside the family, charitable organizations and churches, and spending for recreation. Spending for house furnishings and equipment also usually is reduced as

income falls but not as much as gift and recreation expenditures. The three types of expenditures have increased sharply in recent years, particularly among higher income families. They are the expenditures most likely to be reduced by farm families faced with the necessity of cutting back on their budgets.

Cut Food, Clothing Last

Spending for food and clothing usually are among the last to be reduced by farm families faced with declining income. Reductions in these expenditures next year are likely to be small.

While the outlook points to relatively small reductions in spending for farm families generally, prospects vary greatly among areas and among types of farms. The reductions in income will not affect all equally and many farm families will find their own situation considerably different from the over-all picture.

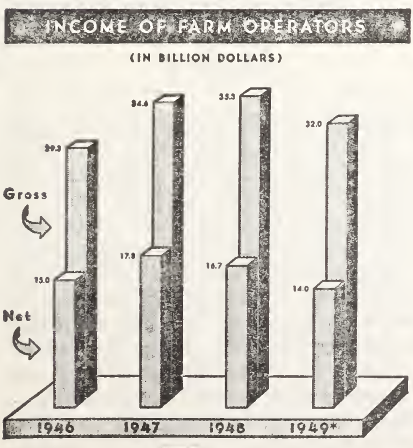
Low income families in recent years have not been able to increase their spending for gifts, recreation, and house-furnishing and equipment to any great extent. A survey by the Census indicates that in 1947—before the decline in income began—about half of the farm families had net incomes of less than $2 000. This includes income from off-farm employment but not the value of home-produced food and fuel. At 1947 prices, this was not enough to alow for many "extras."

Much Improvement Needed

Despite the high over-all level of farm income in recent years, the need for improved living conditions on a majority of our farms is great. Another Census survey showed that as of April 1947 almost two-thirds of all farm houses did not have running water; more than half had no kitchen sink. Only one-fifth had bath tubs or showers, and a flush toilet. Only one in five had all of the following: Electric lights, running water, a flush toilet, a bath or shower, and installed cooking facilities.

However, considerable progress has been made in a large number of farm homes. And the prospect for 1950 is that improvement will continue despite the likelihood of reduced net farm income.

Gertrude S. Weiss
Bureau of Human Nutrition and Home Economics



Realized net income of farm operators has dropped in each of the last two years after reaching the peak of 17.8 billion dollars in 1947. Gross income, on the other hand, continued upward in 1948 and did not show the first postwar drop until this year. Production costs paid by farm operators is the difference between the bars marked "Gross" and "Net" on the chart at the left. Costs reached a peak of 18.6 billion dollars in 1948, came down only 0.6 billion in 1949. Next year, gross income is expected to drop to around 10 percent, net income about 15 percent, while costs will show only a minor drop.

1950 Outlook for Commodities

Livestock

MORE HOGS raised, more pork produced, more cattle on farms, and a reversal of the past decline in sheep and lamb numbers—these are the highlights of the outlook for meat animals in 1950. Meat production is likely to set a peacetime record, and meat consumption per person may rise from the 147 pounds estimated for 1949 to 150 pounds next year.

The 1950 spring pig crop may be larger by 5 percent or more than the 1949 spring crop. The increase is likely because of the abundant supply of corn and the favorable price ratio between hogs and corn in recent months. The 1950 pig crop may pass the 100 million mark, a number reached only in 1942 and 1943. In 1949 about 96 million pigs have been saved; in 1948 about 85 million.

Pork production is going up. Output for 1949 will total 4 percent larger than last year. A further increase of around 8 percent is expected next year. Production is not increasing as fast as numbers because average slaughter weights are lighter than a year ago and are likely to continue so. However, weights are still well above those of prewar years.

Because of the increase in pork production, prices of hogs are expected to average moderately lower in 1950 than in 1949. However, the hog-corn price ratio is likely to remain above average through much of the year.

Price supports for hogs as announced are due to end March 31, 1950. Support after that date is permissive but not required.

Cattle numbers appear to be rising. An increase of around 1 million seems likely for 1949. Another net addition to herds is expected in 1950. But so long as demand for beef remains strong, a large number of cattle will continue to move into feed lots, and herd expansion is likely to be slow. Beef production has been increased 4 percent in 1949 over 1948. The 1949 production may be nearly duplicated in 1950.

As many or more cattle may be fed this winter than last. Cattle going on feed are younger and lighter than a year ago, and they may be marketed later in 1950 than in 1949 when marketings began and ended earlier than usual.

If demand does not change greatly, prices of cattle probably will average nearly as high in 1950 as this year. A small reduction would be due to the increased supply of pork. Since marketings of fed cattle are likely to be later, prices in late summer are not expected to reach such a high peak as they did this year.

Numbers of sheep and lambs on farms apparently are being nearly maintained this year, in contrast with the steady reduction of the last 7 years. Sheepmen may add somewhat to their herds in 1950. Supplies of lamb and mutton are likely to remain very low, and prices of sheep and lambs will probably continue high in relation to prices of other meat animals.

Wool prices have been above support in 1949. Next year support prices for at least some grades will be higher, and market prices of the finer grades may be a little lower because of devaluation. There is some likelihood of support purchases of wool in 1950.

Harold Breimyer
Bureau of Agricultural Economics

Dairy

PRICES for dairy products in 1950 will be somewhat below this year unless Government purchases are increased. Domestic supplies will be greater than this year, while total demand probably will be down somewhat.

Cash receipts from farm marketings of milk and its products in 1950 will be somewhat below the 3¾ billion dollars of 1949, considerably below the record of nearly 4½ billion dollars in 1948, but still more than double the prewar average. Net income of dairy farmers, as for agriculture generally, is declin-

ing at a much more rapid rate than cash receipts, since many costs have not declined appreciably.

Domestic demand probably will be weaker next year than in either of the past two years. Foreign demand for U. S. dairy products probably will decline further reflecting a very sharp recovery of dairy production in Europe and the foreign dollar shortage. Imports of dairy products in 1950, on the other hand, will tend to increase as a result of increased production abroad and the devaluation of foreign currencies. Most of these increases will be in foreign types of cheese.

Milk production in the U. S. will be at least as large in 1950 as in 1949, and possibly a little larger. Cow numbers seem to be stabilized for the near future, and record supplies of feed per animal unit are available. Even though, dairy product-feed price ratios may be below average next year, farmers with abundant feed supplies will tend to feed liberally. Production per cow in 1950 probably will not be much different from the record of 5,150 pounds now estimated for 1949.

More milk will be available for domestic uses next year than in 1949. Consumption of fluid milk and cream (combined) in 1950 will be no greater than in 1949 and may decline slightly. As a result, somewhat more milk will be available for manufactured dairy products. Butter output is likely to expand the most since production of other manufactured products will be affected by the decline in foreign demand.

The Agricultural Act of 1949 makes price support mandatory on milk and butterfat at from 75 percent to 90 percent of revised parity. Based on the mid-October parity index, this would mean support at from $3.28 per cwt. to $3.94 per cwt. for all milk at wholesale and from $0.52 per pound to $0.63 per pound for butterfat. In determining the precise level of support within this range, the Secretary is directed to consider 8 factors in addition to the general matter of "assuring an adequate supply." Among these are (1) The supply of the commodity in relation to the demand, (2) The price levels at which other commodities are being supported, (3) The availability of funds, (4) The perishability of the commodity, and (5) The ability to dispose of stocks acquired.

Herbert C. Kriesel
Bureau of Agricultural Economics

Poultry

PRICES farmers will receive for eggs and chicks, including broilers, are likely to average lower in 1950 than in 1949. Supplies again will be generally abundant and consumer demand is likely to continue its slow decline from the 1948 peak.

The laying flock on January 1 will be larger than a year earlier. Egg production during the first half of 1950 will be higher and prices lower than during the first half of 1949. As a result, farmers may raise fewer chickens in the spring of 1950 than this spring and the laying flock next fall may be smaller than this fall. Although this might mean a decline in egg production in the last half of 1950, the effect on total supplies may be largely offset by an increase in commercial cold storage holdings.

Poultry supplies in the early months of 1950 are likely to include much larger cold storage stocks of chicken and turkey than a year earlier. Before mid-year, marketings of farm chickens will increase seasonally. This indicates that poultry prices are likely to average lower in 1950 than in 1949.

Chicken and turkey output next year are not likely to decline as much as price prospects indicate. Supplies of feed for 1949–50 are a record and prices for poultry ration may be lower. Furthermore, the availability of family labor on farms and the desire to maintain farm income may help keep the volume of poultry output up.

Price supports for poultry and eggs under the Agricultural Act of 1949 are not required, but the Secretary of Agriculture may set supports at any level up to 90 percent of parity.

Edward Karpoff
Bureau of Agricultural Economics

Feed

FARMERS in 1949–50 will again have more than ample supplies of feed. Total 1949 production of feed grains is second only to last year. With a record carry-over of old grain from last season, the total supply of all feed concentrates, including the grains and byproduct feeds, is larger than in any past year—and about 5 percent greater than a year ago.

The corn supply is estimated at 4,173 million bushels, more than a billion bushels larger than it was in most prewar years and about 400 million bushels above the 1948–49 record. Supplies of other feed grains are generally above average. Another large supply of byproduct feeds is in prospect. Supplies of high-protein feeds will again be large, though a little smaller than last year in relation to the number of livestock.

Farmers are expected to continue feeding fairly liberally during 1949–50, though livestock-feed price ratios may not be quite so favorable. Even with some further increase in the quantity of feed consumed by the increasing livestock population, stocks of feed grains at the end of 1949–50 may be around one-fifth larger than at the beginning. On October 1, 1950, the corn carry-over is expected to be around 1 billion bushels for the first time.

Government price support programs will continue to have an important influence on the feed situation during 1949–50. In 1948–49, about 670 million bushels of feed grain were placed under loans and purchase agreements—about 14 percent of 1948 production. Probably as much will be placed under these programs as in 1949–50.

Feed prices during the 1949–50 season are expected to average a little lower than 1948–49, in view of the big feed grain supply and lower loan rates. Prices of feed grains, except barley, have been considerably below the loan rates in recent months. They probably will continue below the loans during much of 1949–50. Barley prices probably will continue comparatively high, reflecting smaller supplies and strong demand for malting types.

Hay supplies for 1949–50 are a little smaller than in most recent years. Supplies are ample except in the North Atlantic States and in other scattered areas—largely in the northern part of the country where unfavorable weather this summer caused a shortage of hay and other forage crops.

Because of the big-carry-over of feed grains in prospect at the end of 1949–50, feed supplies in 1950–51 appear likely to be average or above. Even if the growing season next year should be as unfavorable as any in the last 10 years, supplies still would be close to the average of recent years. With a large part of the 1950 carry-over expected to be under loan or owned by the Government, supplies of feed grains for 1950–51, excluding the quantity under price support, probably will be somewhat smaller than in the two preceding years. Corn acreage allotments are in prospect for 1950 for the first time since the war began, and the crop probably will be smaller than in the two preceding years, especially if the weather is more nearly normal. The Agricultural Act of 1949 provides for loans on 1950 corn at 90 percent of parity.

Malcolm Clough
Bureau of Agricultural Economics

Wheat

HIGHLIGHTS of the wheat outlook for 1950–51 include a slight decline in wheat prices, acreage allotments for the first time since 1943 and a relatively favorable export demand.

The national acreage allotment of 68.9 million acres for the 1950 crop announced on July 14 is being revised in line with Public Law 272 which was signed by the President in August. If an allowance is made for the increase in allotments and for overplanting, about 75 million acres may be seeded. With average yields of 15 bushels per acre, the crop would be about 1,125 million bushels.

Domestic disappearance of wheat in 1950–51 is again likely to total about 700 million bushels. If exports total 400 million bushels, carry-over on July 1, 1951, would be about 25 million bushels higher than the approximately 300 million bushels expected on July 1, 1950. Before the war, stocks averaged 235 million bushels. The record carry-over was 631 million bushels in 1942.

The 400-million-bushel estimate for exports in 1950–51 is, of course, very tentative. The quantity we ship abroad will depend considerably on the size and distribution of the world crop. In addition, the role played by the United States in world affairs will continue very important in determining the size of our exports.

If the wheat crop exceeds 1,125 million bushels, or if exports fail to reach the 400 million bushels, stocks on July 1, 1951, would rise above the 325 million-bushel estimate.

Assuming that the stocks situation will not change much from the above estimates, prices for wheat in 1950–51 probably will average about the support level. If we assume a 5 percent decline in the parity index from the June 1949 level, support for the 1950 crop would be about 10 cents under the national average of $1.95 for this year's crop.

Robert E. Post
Bureau of Agricultural Economics

Cotton

THE SHORT-TERM outlook for cotton is not too encouraging in light of this year's large crop.

Prices are at about the loan rate. The prospective carry-over at the end of the current season is 8¼ million bales. This is more cotton than domestic mills consumed last season and nearly twice as much as was exported. Cotton marketing quotas has been proclaimed for next year's crop. The national acreage allotment is set at the minimum figure of 21 million acres. This is only 80 percent as much as was planted this year.

More cotton has been produced in each of the last 3 years than has been used for domestic consumption and exports. Consequently, the supply has been increasing each season. This season, the supply is expected to be about 20.8 million bales—nearly 3 million more than last season. The supply consists of the carry-over of nearly 5.3 million bales, and 1949 crop which was estimated on October 1 at about 15.3 million bales and imports of about 200,000 bales.

Nearly three-fourths of the August 1 carry-over was held in the Commodity Credit Corporation stocks as collateral on unredeemed loans made to cotton farmers during last season.

Last season, demand for textiles was sluggish and domestic mill consumption was the lowest since before the war. However, there has been an appreciable improvement in the cotton textile situation since midsummer.

New orders to manufacturers of cotton textiles have increased during the last 3 months. Many mills are already booked well into the first quarter of 1950. Some mills have temporarily suspended taking orders because of their forward commitments.

The recent devaluation of currencies, however, may adversely affect domestic mill consumption in two ways: by a decrease in exports of cotton textiles, and by an increase in imports of foreign textiles. If this occurs, mill consumption in 1949–50 may be close to that of last season despite the recent developments in the domestic textile situation.

Last season, about 60 percent of United States exports of raw cotton were financed by ECA. Exports of cotton in 1949–50 probably will be equally dependent on ECA. The revised import program of the countries participating in ECA has not been completed following a 14-percent cut by Congress in the over-all ECA appropriation. Consequently, the ECA cotton program in 1950 is still uncertain, but the foreign cotton and textile situation would indicate some reduction from last year's level.

Joe E. Miller
Bureau of Agricultural Economics

Vegetables

THE large potato 1949 crop, though much smaller than the 1948 crop, is considerably larger than needed to meet demand at support prices. Consequently, the Government, will be required to buy an appreciable part of the crop of eligible grades and sizes in order to assure farmers of at least 60 percent of parity. Prices generally probably will average moderately above the support levels for the season as a whole. Only a moderate surplus may be included in the carry-over of merchantable potatoes on January 1, 1950.

In 1950, potatoes are to be supported at 60 percent of the new parity level, for eligible farmers who adhere to the lowered acreage allotments. It is expected that the support price for potatoes in 1950 will average $1.60 per hundredweight (about 96 cents per bushel) or slightly higher, depending upon the parity level on January 1, on which the support price will be based. The 1950 production allotment is 335 million bushels.

Not much change is expected in the outlook for sweetpotatoes in 1950 compared with the last few years. Support is not mandatory but permissive. Probabilities are that the crop will be about the same size as the 1949 crop, and will sell at prices about near those of last year.

Total stocks of dry edible beans on January 1, 1950, probably will be a record, following the record 1949 crop and a decidedly dull market at support prices. No improvement in demand for dry beans is expected in 1950. Likewise, the demand for dry peas in 1950 is expected to be no better than in 1949.

However, stocks of dry peas will be relatively much smaller and less troublesome than in the case of dry beans.

Demand for fresh and canned vegetables in 1950 probably will be slightly weaker than in 1949. But prospects for the first quarter of the year are bolstered a little by the probability of a much smaller January 1, 1950, carryover of storage cabbage, carrots, and onions than a year earlier. Stocks of canned vegetables are not excessive, and the long-time upward trend in consumption of commercially processed vegetables is expected to continue. Another large pack will be needed in 1950.

The 1949 pack of frozen vegetables is believed to be near record in size and current stocks of frozen vegetables are correspondingly large. However, this is rather characteristic of a rapidly growing industry. Employment and incomes in 1950 on a level slightly lower than in 1949 should maintain demand for canned and frozen vegetables on about their current high levels. No substantial retail price declines are expected in 1950.

Herbert W. Mumford, Jr.
Bureau of Agricultural Economics

Fruit

HIGHLIGHTS in the outlook for fruit for 1950 include prospects for nearly as strong a consumer demand for fruit as in 1949, a small increase in exports, a smaller deciduous crop, and slightly higher prices to growers for most deciduous fruits.

Demand for fruit is expected to be slightly weaker in 1950 than in 1949 because of the slight decline expected in consumer incomes. However, the decline in production probably will more than offset the drop in demand, and prices for most fruits probably will average slightly higher than this year.

The prospect for larger fruit exports, at least through the first half of 1950, arises from special export-payment programs of the United States and the easing of import restrictions by Canada and some other countries.

Because small crops usually follow large crops, production of deciduous fruits in 1950, if the weather is average, probably will be somewhat smaller than the near-record 1949 output of more than 10 million tons. The 1950 crops of commercial apples, pears, plums, and perhaps a few other fruits, probably will be smaller than this year, when they were above average. These decreases probably will be only partly offset by larger apricot and strawberry crops.

Total production of citrus fruits in 1950–51 probably will be somewhat larger than in 1949–50 if the weather is average, the citrus groves of Texas and California continue to recover from the weather damage of 1949, and Florida grapefruit production returns to normal.

The 1949–50 orange and lemon crops, which started to market this fall, are expected to be larger than the reduced 1948–49 crops. But the new grapefruit crop will be considerably smaller than the short 1948–49 crop, primarily because of last winter's freeze in Texas and the August 1949 hurricane in Florida. After Christmas, prices for grapefruit will continue higher. Some seasonal decline in lemon prices is likely after the new crop reaches the market in volume.

Production of frozen concentrated orange juice in 1949–50 is expected to be considerably larger than in 1948–49 when it took 8 percent of the orange crop. The new packs of canned citrus juices, especially grapefruit juice, probably will be smaller. The pack of canned fruits, now largely completed, is about the same size. Lower retail prices for most canned fruits and fruit juices are in prospect.

Even with a moderately smaller 1950 deciduous fruit crop, total supplies of fresh and processed fruit—including imports—are expected to be large enough to keep consumption at least at the relatively high 1949 rate of over 210 pounds per person (fresh weight basis).

Total production of tree nuts in 1950 probably will be somewhat smaller than the near-record of 1949. But prices to growers may not be any higher than in 1949, when they are expected to average below 1948.

Ben H. Pubols
Bureau of Agricultural Economics

Tobacco

A FAIRLY strong demand for flue-cured, Burley and Maryland tobacco is expected in 1950 because cigarette production probably will continue near the 1949 record.

Output of cigarettes has been climbing steadily for several years and in 1949 is estimated at around 392 billion compared with 387 in 1948. However, production is showing a tendency to level off. Exports in 1949 dropped and domestic consumption showed a smaller rate of gain.

Use of fire-cured in snuff has been fairly stable. Snuff production in 1950 is likely to be near the 40 million pounds estimated for 1949.

Use of dark air-cured Burley and lower grades of binder tobacco in chewing tobacco has declined for many years except for some upturn during the war. Output of chewing tobacco dropped from 96½ million pounds in 1948 to about 92½ million pounds in 1949; may decline further in 1950.

The domestic use of cigar tobacco in 1950 may be off a little from this year. Cigar consumption in 1949 is estimated at 5.6 billion—about 3 percent less than the 5.8 billion last year. The trend toward lower-priced cigars probably will prevent any sharp drop next year.

Exports of tobacco in 1950 are expected to be about the same as the 525 million pounds estimated for 1949. Export prospects for cigarette types are considerably better than for the other types. The lack of adequate supplies of acceptable leaf from other areas and ECA aid will be important factors favoring the movement of our leaf in 1950.

The 1949–50 supply of flue-cured tobacco is slightly larger than a year earlier. In 1950, total allotted acreage under the announced quota would be practically the same as in 1949. Burley supplies for 1949–50 are very large and the announced quota means a cut in the total 1950 acreage allotment of approximately 10 percent. Supplies of fire-cured and dark air-cured, although a little lower than a year ago, exceed anticipated requirements and some cut in 1950 acreage allotments is likely. Maryland tobacco supplies for 1950 are up because of the relatively large 1949 crop. Quotas are not in effect on Maryland and cigar tobacco. The 1949–50 supplies of domestic cigar filler and wrapper are above a year ago. Binder supplies are smaller since cigar tobacco exports were unusually large in 1948–49.

Under the Agricultural Act of 1949, price supports for the 1950 crops of flue-cured, Burley, fire-cured, and dark air-cured are expected to be a little higher than in 1949. For most cigar types and Maryland tobacco, supports will be up substantially.

Arthur G. Conover
Bureau of Agricultural Economics

Fats and Oils

PRICES of fats and oils are likely to average lower in 1949–50 than in 1948–49, as a result of a record domestic output and the probability of slightly reduced domestic and export demands. Except for tung nuts, season average prices to farmers for oilseeds also probably will be lower.

This does not mean, however, that prices will continue to decline from the November 1949 level, when they were about one-fourth below the average for

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Nov. 15, 1948	Oct. 15, 1949	Nov. 15, 1949	Parity price Nov. 15, 1949
	August 1909–July 1914	January 1935–December 1939				
Wheat (bushel) .... dollars..	0.884	0.837	2.04	1.89	1.90	2.12
Rye (bushel) .... do....	.720	.554	1.51	1.28	1.25	1.73
Rice (bushel) .... do....	.813	.742	[1] 2.32	1.73	1.86	1.95
Corn (bushel) .... do....	.642	.691	1.21	1.09	1.02	1.54
Oats (bushel) .... do....	.399	.340	.756	.623	.664	.958
Barley (bushel) .... do....	.619	.533	1.15	1.07	1.10	1.49
Sorghum grain (100 pounds) .... do....	1.21	1.17	2.14	1.72	1.66	2.90
Hay, baled (ton) .... do....	(2)	11.20	23.30	21.50	21.50	----
Cotton (pound) .... cents..	12.4	10.34	[1] 30.53	23.70	27.76	29.76
Cottonseed (ton) .... dollars..	22.55	27.52	69.00	41.80	42.30	54.10
Soybeans (bushel) .... do....	[3] .96	.954	2.36	2.09	1.95	[4] 2.30
Peanuts (pound) .... cents..	4.8	3.55	10.6	10.2	10.4	11.5
Flaxseed (bushel) .... dollars..	1.69	1.69	5.74	3.44	3.57	4.06
Potatoes (bushel) .... do....	[5] .697	.717	1.44	1.30	1.34	1.76
Sweetpotatoes (bushel) .... do....	.878	.897	1.98	1.96	1.89	2.11
Apples (bushel) .... do....	.96	.90	2.35	1.43	1.43	2.30
Oranges on tree (box) .... do....	[6] 2.29	1.11	.66	1.39	1.34	3.60
Hogs (hundredweight) .... do....	7.27	8.38	21.80	17.60	15.60	17.40
Beef cattle (hundredweight) .... do....	5.42	6.56	20.80	19.50	19.20	13.00
Veal calves (hundredweight) .... do....	6.75	7.80	23.80	21.90	22.00	16.20
Lambs (hundredweight) .... do....	5.88	7.79	21.90	21.50	21.40	14.10
Butterfat (pound) .... cents..	26.3	29.1	64.3	62.1	62.6	63.1
Milk, wholesale (100 pounds) .... dollars..	1.60	1.81	[1] 4.85	4.17	[7] 4.24	3.84
Chickens (pound) .... cents..	11.4	14.9	29.3	23.2	23.1	27.4
Eggs (dozen) .... do....	21.5	21.7	58.3	51.4	47.1	51.6
Wool (pound) .... do....	18.3	23.8	[1] 48.0	46.3	46.0	43.9

[1] Revised.
[2] Prices not available during base period.
[3] Comparable base price, August 1909–July 1914.
[4] Comparable price computed under the Steagall amendment.
[5] 1919–28 average of $1.12 per bushel used in computing parity.
[6] 1919–28 average for computing parity price.
[7] Preliminary.

October 1948–September 1949. Government loans to producers and other price-support programs are likely to prevent further major declines in oilseed prices.

Domestic production of fats and oils in the year beginning October 1949 probably will be nearly 12 billion pounds, including oil equivalent of domestic oilseeds exported for crushing abroad. This is moderately more than in 1948–49 and is much more than in any earlier year.

Partly as a result of Government restrictions, imports of fats and oils, including oil equivalent of oilseeds, in 1949–50 may total only about as much as a year earlier, when 1.1 billion pounds were imported. This was one of the smallest quantities for any peacetime year since before World War I.

United States exports of fats and oils, including the oil equivalent of oilseeds, in the year beginning October 1949 will be larger than in most previous years but although large probably not as large as the record 2.2 billion pounds of 1948–49.

Under the Agricultural Act of 1949, the price of peanuts produced in 1950 again will be supported at 90 percent of the old parity price at the beginning of the marketing year. Tung nuts produced in 1950 are to be supported between 60 and 90 percent of the new parity.

Price support for cottonseed, soybeans, and flaxseed is permissive at any level not above 90 percent of the new parity. The Secretary has announced a support price for the 1950 crop of flaxseed at 60 percent of the parity price April 1. No program for soybeans or cottonseed produced in 1950 has been announced.

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Economic Trends Affecting Agriculture

Year and month	Industrial production (1935–39=100)[1]	Total income of industrial workers (1935–39=100)[2]	1910–14=100: Average earnings of factory workers per worker	1910–14=100: Wholesale prices of all commodities[3]	1910–14=100: Prices paid by farmers: Commodities	1910–14=100: Prices paid by farmers: Commodities, interest, and taxes	1910–14=100: Farm wage rates[4]	Index of prices received by farmers (August 1909–July 1914=100): Livestock and products: Dairy products	Livestock and products: Poultry and eggs	Livestock and products: Meat animals	Livestock and products: All livestock
1910–14 average	58	50	100	100	100	100	100	100	101	101	101
1915–19 average	72	90	152	158	151	150	148	148	154	163	158
1920–24 average	75	122	221	160	161	173	178	159	163	123	142
1925–29 average	98	129	232	143	155	168	179	160	155	148	154
1930–34 average	74	78	179	107	122	135	115	105	94	85	93
1935–39 average	100	100	199	118	125	128	118	119	109	119	117
1940–44 average	192	238	325	139	150	147	212	162	146	171	164
1945 average	203	291	403	154	180	172	350	197	196	210	203
1946 average	170	275	392	177	202	193	378	242	198	256	240
1947 average	187	332	440	222	246	231	408	269	221	340	293
1948 average	192	364	475	241	264	250	432	297	236	371	320
1948											
November	195	376	489	239	262	248	--------	284	272	351	313
December	192	374	493	237	262	248	--------	283	260	339	305
1949											
January	191	362	489	234	260	248	438	275	240	330	295
February	189	354	486	231	257	245	--------	264	218	315	280
March	184	346	481	231	258	246	--------	254	217	335	287
April	179	340	473	229	258	246	416	240	221	333	282
May	174	332	474	227	257	245	--------	234	217	328	277
June	169	--------	--------	226	257	245	--------	230	213	331	277
July	161	--------	--------	224	256	244	425	236	214	324	275
August	[5] 170	--------	--------	223	254	243	--------	243	226	317	276
September	[6] 173	--------	--------	224	253	242	--------	249	237	326	284
October	--------	--------	--------	222	251	240	403	255	231	308	276
November	--------				251	240		258	217	285	268

Year and month	Index of prices received by farmers (August 1909–July 1914=100): Crops: Food grains	Crops: Feed grains and hay	Crops: Tobacco	Crops: Cotton	Crops: Oil-bearing crops	Crops: Fruit	Crops: Truck crops	Crops: All crops	All crops and livestock	Parity ratio[7]
1910–14 average	100	101	102	96	98	99	--------	99	100	100
1915–19 average	193	164	187	168	187	125	--------	168	162	105
1920–24 average	147	126	192	189	149	148	[8] 143	160	151	83
1925–29 average	140	119	172	145	129	141	140	143	149	89
1930–34 average	70	76	119	74	72	94	106	86	90	66
1935–39 average	94	95	175	83	106	83	102	97	107	84
1940–44 average	123	119	245	131	159	133	172	143	154	103
1945 average	172	161	366	171	215	220	224	201	202	117
1946 average	201	195	382	223	244	226	204	226	233	121
1947 average	271	246	380	261	335	194	249	261	278	120
1948 average	250	249	387	259	326	157	238	250	287	115
1948										
November	234	181	412	246	283	157	186	224	271	109
December	236	184	415	239	283	164	209	228	268	108
1949										
January	232	187	412	236	274	180	282	238	268	108
February	221	173	412	235	244	181	285	233	258	105
March	224	178	411	232	242	189	263	232	261	106
April	227	178	410	241	238	207	236	236	260	106
May	227	174	411	242	231	215	213	234	256	104
June	212	168	412	243	219	211	175	225	252	103
July	207	171	412	243	205	194	185	220	249	102
August	204	166	407	236	225	160	174	212	245	101
September	210	167	400	240	213	143	205	211	249	103
October	212	163	403	231	208	155	170	206	243	101
November	215	159	375	224	207	149	226	208	239	100

[1] Federal Reserve Board represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

[2] Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised August 1948. [3] Bureau of Labor Statistics. [4] Monthly data adjusted for seasonal variation. [5] Revised. [6] Preliminary. [7] Ratio of prices received to prices paid for commodities, interest and taxes. [8] 1924 only.

Food

CONSUMER purchases of food in 1950 will be encouraged by plentiful supplies and by the slightly lower retail prices which appear likely. Consumption per person probably will be as high as in 1949 and might even increase slightly.

The quantity of food available for distribution in the first half of 1950 appears a little larger in general than a year earlier. Very large crops of grain again this year will provide plentiful cereal poducts for domestic food needs, animal feed and substantial quantities for export. Pork and lard output is increasing even more than seasonally. Milk, butter, poultry and egg production are at higher rates than a year earlier. Supplies of vegetable oils will again be plentiful. The 1949 canned vegetable pack is smaller than in the previous year. The potato, dry bean and dry pea crops are down some but are still large relative to demand. The sweetpotato crop showed some recovery from the low level of recent years. Crops of most deciduous fruits are quite large, but the citrus fruit output will be smaller this year largely because of a much smaller crop of grapefruit.

Consumer demand for food is expected to continue relatively high but may ease somewhat from the 1949 level. Foreign demand for United States food commodities probably will be weakened by the continued shortage of dollars and urgent needs of most countries for nonfood items from the United States. Retail prices are likely to show some decline, although not as much as the prices received by farmers.

On the nutritional side, the downward trend in the supplies of most of the major nutrients available for consumption which started in 1945 and 1946 is expected to halt in 1950. Increases in the domestic consumption of many foods will result in slightly larger per capita quantities of food energy, protein, iron, vitamin A value, thiamine and ascorbic acid than in 1949.

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